

JOURNAL OF THE SENATE [February 25, 1971]

STATE OF WISCONSIN

# Senate Journal

## Eightieth Session

---

THURSDAY, February 25, 1971.

9:30 o'clock A.M.

The senate was called to order by the president of the senate.

The prayer was offered by Father Lawrence Korback, Pastor of St. Peter's Catholic Church, Madison, Wisconsin.

The roll was called and the following senators answered to their names:

Senators Bidwell, Busby, Chilsen, Cirilli, Devitt, Dorman, Heinzen, Hollander, Johnson, Kendziorski, Keppler, Knowles, Knutson, LaFave, Lorge, Lotto, Lourigan, McKenna, Martin, Murphy, Parys, Peloquin, Risser, Roseleip, Schuele, Soik, Steinhilber, Swan and Whittow—29.

Absent—Senators Frank and Thompson—2.

Absent with leave—Senator Krueger—1.

---

### LEAVE OF ABSENCE

By request of Senator Risser, with unanimous consent, Senator Frank was granted a leave of absence for today's session.

---

### AMENDMENTS OFFERED

Senate amendment 2 to Senate Bill 144 by Senator Soik.

Senate amendment 1 to Senate Bill 38 by Senator Parys.

## **JOURNAL OF THE SENATE [February 25, 1971]**

**Senate amendment 1 to Senate Joint Resolution 20 by Senator Devitt, by request of Milwaukee County.**

---

### **BILLS INTRODUCED**

**Read first time and referred.**

#### **Senate Bill 224**

**Relating to filing of assessment records.**

**By Senator Lorge, by request of Department of Revenue.**

**To committee on Commerce, Labor, Taxation, Insurance and Banking.**

#### **Senate Bill 225**

**Relating to residency qualifications for voting.**

**By Senators Steinhilber, Knowles, Whittow, Soik, Knutson, Swan, Murphy and Hollander; co-sponsored by Representatives Sensenbrenner, Guiles, Greider, Azim, Wilger, Giese, Bradley and Quackenbush.**

**To committee on Commerce, Labor, Taxation, Insurance and Banking.**

---

### **COMMITTEE REPORT**

**The committee on Education reports and recommends:**

#### **Senate Joint Resolution 18**

**Relating to urging acceptance of transfer credits at institutions of higher education.**

**Adoption; Ayes, 5; Noes, 0.**

#### **Senate Bill 47**

**Relating to an authorization for the establishment of public library systems, the creation of a council on public library certificates and standards, a general recodification of library laws and making an appropriation.**

**Passage; Ayes, 5; Noes, 0.**

## **JOURNAL OF THE SENATE [February 25, 1971]**

### **Senate Bill 68**

Relating to state aids for elementary schools, revocation of common school tax authority and making an appropriation.

Adoption of senate amendment 1; Ayes, 5; Noes, 0 and passage as amended; Ayes, 5; Noes, 0.

### **Senate Bill 144**

Relating to safety eye protective devices.

Rejection of senate amendment 1; Ayes, 5; Noes, 0 and passage; Ayes, 5; Noes, 0.

### **Senate Bill 157**

Relating to an exemption from non-resident tuition at the university of Wisconsin and state universities.

Passage; Ayes, 5; Noes, 0.

### **Senate Bill 177**

An act authorizing vocational, technical and adult education schools to offer general education collegiate transfer programs in certain instances.

Passage; Ayes, 5; Noes, 0.

### **Assembly Bill 140**

Relating to referenda requirements applicable to borrowing by certain school districts.

Concurrence; Ayes, 5; Noes, 0.

RAY F. HEINZEN,  
Chairman.

The committee on Commerce, Labor, Taxation, Insurance and Banking reports and recommends for introduction:

### **Senate Bill 226**

Relating to the regulation of and offer and sale of securities.

By request of Commissioner of Securities.

Introduction; Ayes, 5; Noes, 0.

Read and referred to committee on Commerce, Labor, Taxation, Insurance and Banking.

## **JOURNAL OF THE SENATE [February 25, 1971]**

**And further recommends:**

### **Senate Bill 114**

Relating to gift and motor fuel tax returns.

Adoption of senate amendment 1; Ayes, 5; Noes, 0 and passage as amended; Ayes, 5; Noes, 0.

### **Senate Bill 158**

Relating to the requirement for the acquisition of stock of state banks and trust companies.

Passage; Ayes, 4; Noes, 1.

**GERALD D. LORGE,**  
Chairman.

---

## **PETITIONS AND COMMUNICATIONS**

### **Senate Petition 17**

A petition by 34 citizens of Iowa County in support of **Senate Bill 156**, relating to eliminating the one-week waiting period now required by statute as a condition precedent to receipt of unemployment compensation.

By Senator Roseleip.

Read and referred to committee on Commerce, Labor, Taxation, Insurance and Banking.

### **Senate Petition 18**

A petition signed by 99 people of the 27th Senatorial District opposing public aid to private schools.

By Senator Bidwell.

Read and referred to committee on Education.

---

## **MESSAGE FROM THE ASSEMBLY**

By Thomas P. Fox, Chief Clerk.

**Mr. President:**

I am directed to inform you that the assembly has adopted and asks concurrence in:

**Motion Under Joint Rule 26:**

## **JOURNAL OF THE SENATE [February 25, 1971]**

**A Joint Certificate of Congratulations by Representative Hanson; co-sponsored by Senators Hollander and McKenna for Coach Don Klagge and the Beaver Dam High School basketball team on their championship of Southern Little 10 Basketball Conference.**

**Passed and asks concurrence in:**

**Assembly Bill 25,  
Assembly Bill 38,  
Assembly Bill 43 and  
Assembly Bill 63.**

**Concurred in:**

**Senate Bill 5 and  
Senate Bill 89.**

---

### **MESSAGE FROM THE ASSEMBLY CONSIDERED**

**Motion Under Joint Rule 26:**

**A Joint Certificate of Congratulations by Representative Hanson; co-sponsored by Senators Hollander and McKenna for Coach Don Klagge and the Beaver Dam High School basketball team on their championship of Southern Little 10 Basketball Conference.**

**Read and concurred in.**

#### **Assembly Bill 25**

**Read first time and referred to committee on Governmental and Veterans' Affairs.**

#### **Assembly Bill 38**

**Read first time and referred to committee on Transportation.**

#### **Assembly Bill 43**

**Read first time and referred to committee on Education.**

## JOURNAL OF THE SENATE [February 25, 1971]

### Assembly Bill 63

Read first time and referred to committee on Commerce, Labor, Taxation, Insurance and Banking.

---

### MOTIONS

Senator Hollander requested that **Senate Joint Resolution 9** be withdrawn from the joint committee on Finance and be placed on the calendar.

Senator Risser objected.

Senator Hollander moved that **Senate Joint Resolution 9** be withdrawn from the joint committee on Finance and placed on the calendar.

Senator Risser moved a

### CALL OF THE SENATE

Which motion was supported.

The sergeant-at-arms was directed to close the doors and the clerk to call the roll.

The roll was called and the following senators answered to their names:

Senators Bidwell, Busby, Chilsen, Cirilli, Devitt, Dorman, Heinzen, Hollander, Johnson, Kendziorski, Keppler, Knowles, Knutson, LaFave, Lorge, Lotto, Lourigan, McKenna, Martin, Murphy, Parys, Peloquin, Risser, Roseleip, Schuele, Soik, Steinhilber, Swan and Whittow—29.

Absent—Senator Thompson—1.

Absent with leave—Senators Frank and Krueger—2.

By request of Senator Lorge, with unanimous consent, **Senate Bill 58** was withdrawn from the committee on Commerce, Labor, Taxation, Insurance and Banking and referred to joint committee on Finance.

By request of Senator LaFave, with unanimous consent, **Senate Bill 217** was withdrawn from the committee on Governmental and Veterans' Affairs and referred to the joint Survey committee on Retirement Systems.

## JOURNAL OF THE SENATE [February 25, 1971]

Senator Lorge requested that **Senate Bill 94** be withdrawn from the committee on Commerce, Labor, Taxation, Insurance and Banking and referred to the joint committee on Tax Exemptions.

Senator Lourigan objected.

Senator Lorge requested that **Senate Bill 93** be withdrawn from the joint committee on Finance and referred to the joint committee on Tax Exemptions.

Senator Risser objected.

---

### CALENDAR OF WEDNESDAY, FEBRUARY 24

#### **Senate Joint Resolution 21**

Relating to establishing a session schedule for the 1971-73 legislative biennium.

The question was: Shall the vote by which the senate refused to reject amendment 5 to **Senate Joint Resolution 21** be reconsidered?

The ayes and noes were demanded and the vote was: ayes, 22; noes, 8; absent or not voting, 2; as follows:

Ayes—Senators Bidwell, Busby, Chilsen, Cirilli, Devitt, Heinzen, Hollander, Johnson, Keppler, Knowles, Knutson, LaFave, Lotto, Martin, Murphy, Risser, Roseleip, Schuele, Soik, Steinhilber, Swan and Thompson—22.

Noes—Senators Dorman, Kendziorski, Lorge, Lourigan, McKenna, Parys, Peloquin and Whittow—8.

Absent or not voting—Senators Frank and Krueger—2.

The motion prevailed and the vote by which the senate refused to reject senate amendment 5 to **Senate Joint Resolution 21** was reconsidered.

By request of Senator Keppler with unanimous consent the motion to withdraw **Senate Joint Resolution 9** from the joint committee on Finance and refer it to the calendar was tabled.

The question on which the call was placed having been resolved the call was raised.

## **JOURNAL OF THE SENATE [February 25, 1971]**

**The question was: Shall amendment 5 to Senate Joint Resolution 21 be rejected?**

The ayes and noes were demanded and the vote was: ayes, 21; noes, 9; absent or not voting, 2; as follows:

**Ayes**—Senators Bidwell, Busby, Chilsen, Cirilli, Devitt, Dorman, Heinzen, Hollander, Johnson, Keppler, Knowles, LaFave, Lotto, Martin, Murphy, Risser, Roseleip, Schuele, Soik, Steinhilber and Swan—21.

**Noes**—Senators Kendziorski, Knutson, Lorge, Lourigan, McKenna, Parys, Peloquin, Thompson and Whittow—9.

**Absent or not voting**—Senators Frank and Krueger—2.  
So amendment 5 was rejected.

Senate amendment 6 offered by Senator Whittow.  
Senate amendment 6 adopted.

Senate amendment 7 offered by Senator Parys.  
Senate amendment 7 adopted.

Senate amendment 8 offered by Senator LaFave.  
Senate amendment 8 adopted.

Senate amendment 9 offered by Senator Parys.  
Senator Heinzen moved rejection of senate amendment 9.

**The question was: Rejection of senate amendment 9?**

The ayes and noes were demanded and the vote was: ayes, 16; noes, 14; absent or not voting, 2; as follows:

**Ayes**—Senators Bidwell, Busby, Chilsen, Cirilli, Heinzen, Hollander, Johnson, Keppler, Knowles, Knutson, LaFave, Lotto, Risser, Roseleip, Soik and Swan—16.

**Noes**—Senators Devitt, Dorman, Kendziorski, Lorge, Lourigan, McKenna, Martin, Murphy, Parys, Peloquin, Schuele, Steinhilber, Thompson and Whittow—14.

**Absent or not voting**—Senators Frank and Krueger—2.  
So senate amendment 9 was rejected.

**The question was: Adoption of Senate Joint Resolution 21?**

**Senate Joint Resolution 21 adopted.**

By request of Senator Hollander with unanimous consent the chief clerk was instructed to prepare an enrolled copy of Senate Joint Resolution 21 to message to the assembly.



## JOURNAL OF THE SENATE [February 25, 1971]

### Senate Bill 133

Relating to statutory salary group of the highway safety coordinator.

Senate substitute amendment 1 adopted.

The question was: Shall the bill be ordered to a third reading?

Ordered to a third reading.

By request of Senator Keppler with unanimous consent the bill was considered for final action at this time.

### Senate Bill 133

Read a third time.

The question was: Shall the bill pass?

The ayes and noes were required and the vote was: ayes, 29; noes, 1; absent or not voting, 2; as follows:

Ayes—Senators Bidwell, Busby, Chilsen, Cirilli, Devitt, Dorman, Heinzen, Hollander, Johnson, Kendziorski, Keppler, Knowles, Knutson, LaFave, Lorge, Lotto, McKenna, Martin, Murphy, Parys, Peloquin, Risser, Roseleip, Schuele, Soik, Steinhilber, Swan, Thompson and Whittow—29.

Noes—Senator Lourigan—1.

Absent or not voting—Senators Frank and Krueger—2.

So the bill passed.

---

## TODAY'S CALENDAR

The question was: Shall the appointment by the Governor of Norman M. Clapp, of Madison, as Secretary of the Department of Transportation, to succeed G. H. Bakke, to serve at the pleasure of the Governor be confirmed?

The ayes and noes were required and the vote was: ayes, 30; noes, 0; absent or not voting, 2; as follows:

Ayes—Senators Bidwell, Busby, Chilsen, Cirilli, Devitt, Dorman, Heinzen, Hollander, Johnson, Kendziorski, Keppler, Knowles, Knutson, LaFave, Lorge, Lotto, Lourigan, McKenna, Martin, Murphy, Parys, Peloquin, Risser, Roseleip, Schuele, Soik, Steinhilber, Swan, Thompson and Whittow—30.

## JOURNAL OF THE SENATE [February 25, 1971]

Noes—None.

Absent or not voting—Senators Frank and Krueger—2.

The appointment was confirmed.

By request of Senator McKenna with unanimous consent the senate returned to the 9th order of business.

---

### MOTION UNDER JOINT RULE 26

The State of Wisconsin \* \* \* Citation by the Legislature  
Know you by these presents:

Whereas, Sr. Anastasia, former superintendent of St. Coletta's has been active in the field of mental retardation longer than any other administrator; and

Whereas, she received the Pere Marquette Award from Marquette University for recognition of her leadership in the care and education of the mentally retarded and the Joseph P. Kennedy Foundation International Award for service to the mentally retarded; and

Whereas, under new administration, St. Coletta's rose from a local school of retardation to one of international fame and stature; now, therefore,

The members of the Wisconsin Senate, on the motion of Senator McKenna, under Joint Rule 26, do commend Sr. Anastasia on her past achievements and her distinction as an active leader in the field of mental retardation.

Read and adopted.

By request of Senator Busby the senate returned to the 5th order of business.

---

### COMMITTEE REPORT

The committee on Judiciary reports and recommends for introduction:

## **JOURNAL OF THE SENATE [February 25, 1971]**

### **Senate Joint Resolution 25**

A joint resolution to amend article VIII, section 1 of the constitution, relating to assessment of real property at different rates (1st consideration).

By request of Village Assessor of West Milwaukee.

Introduction; Ayes, 5; Noes, 0.

Read and referred to committee on Commerce, Labor, Taxation, Insurance and Banking.

### **Senate Bill 227**

Relating to clerk of circuit court fees for handling deposits in domestic relations actions.

By request of Milwaukee County and Wisconsin County Boards Association.

Introduction; Ayes, 5; Noes, 0.

Read and referred to committee on Judiciary.

### **Senate Bill 228**

Relating to liability for maintenance costs of Huber law prisoners.

By request of Milwaukee County.

Introduction; Ayes, 5; Noes, 0.

Read and referred to committee on Judiciary.

### **Senate Bill 229**

Relating to the amount of inheritance tax retained by a county.

By request of Milwaukee County.

Introduction; Ayes, 5; Noes, 0.

Read and referred to committee on Commerce, Labor, Taxation, Insurance and Banking.

### **Senate Bill 230**

Relating to abortifacient and contraceptive articles and family planning and providing a penalty.

By request of Dr. John Brennan, Wauwatosa.

Introduction; Ayes, 5; Noes, 0.

Read and referred to committee on Health and Social Services.

**ALLEN J. BUSBY,**  
Chairman.

By request of Senator Keppler, with unanimous consent, all actions not previously messaged were messaged to the assembly.

## JOURNAL OF THE SENATE [February 25, 1971]

Upon motion of Senator Keppler, with unanimous consent, the senate stood informal until 20 minutes following the conclusion of the Governor's budget message. Then the senate proceeded in a body to the assembly chamber to receive the Governor's budget message.

---

### IN THE ASSEMBLY CHAMBER IN JOINT CONVENTION

The Lieutenant Governor in the chair.

The committee appointed to wait upon the Governor appeared with his excellency, the Governor, who delivered his message as follows:

Governor Patrick J. Lucey

### GOVERNOR'S BUDGET MESSAGE

#### Part I. THE FISCAL PROBLEM

#### INTRODUCTION

Traditionally the Governor's budget has been a single message. Instead, I am delivering the budget in three parts, the last two of which will be presented in person to the Legislature. Part I is a presentation of the fiscal problem encompassing information presented to me in the issue-oriented budget hearings conducted throughout the state in November and December of last year. Part II is a consideration of significant policy changes including decisions to reduce or eliminate the funding of some existing programs. Part III is a discussion of my recommendations for financing the cost of government for the forthcoming biennium. I wish to explain this three part presentation of the Budget Message.

This biennium we face all of the traditional demands for funding on-going programs, financing new commitments and shifting local government costs from the over-burdened property tax. These demands differ only in degree from those made in the past.

## JOURNAL OF THE SENATE [February 25, 1971]

Today, however, we confront new problems of considerable dimension. For the first time in a decade we face the effects of a runaway inflation and a sluggish economy with a high level of unemployment. Inflation adds to the cost of everything we do. The stagnant economy has the dual impact of adding to our costs while at the same time reducing the normal growth in revenues. The result is a gap between reasonable program needs and diminished revenue from state taxes, which creates a budget problem of a magnitude unknown in the 1960's. For this reason alone the Budget Message assumes a greater significance than in the past.

In addition, I intend to use the budget as the vehicle for implementing major policy changes. It is clear that we cannot agree either to fund all programs with fewer dollars than are necessary to make them effective or to increase taxes to meet the projected costs of every existing or needed new program. We must begin now to make some fundamental shifts in policy which promise to reduce the growing costs of government or to provide services in a more efficient, less costly way.

The first part of the Budget Message which follows discusses the background, nature and scope of the fiscal problem faced by state and local government.

### BACKGROUND OF FISCAL PROBLEM

The State of Wisconsin in 1970 is caught up in a web of conflicting traditions, aspirations and fiscal realities.

Our citizens demand that state and local governments provide them with a high level of services in areas such as education, recreation, environmental protection and others. Traditionally they have been willing to pay a high price for these services. But costs have continued to increase, heavily straining our fiscal resources and our capacity to meet these service needs. For example, total state tax dollar expenditures increased 291% (\$630.8 million) from 1960-61 to 1970-71 or an average annual increase of 16.5%. More significantly, in the five year period from 1965-66 to 1970-71, the annual rate of increase was 21%, almost double the annual rate of the previous five years.

This tremendous growth in funding of state and local government during the 1960's is reflected in the area of public employment. Today more than 29,055 permanent

## JOURNAL OF THE SENATE [February 25, 1971]

employees work for the State of Wisconsin compared to 16,323 in 1960.

In 1960, 44,600 persons were enrolled in our public universities compared to 121,100 today. In 1960, 3,000 persons were enrolled in our vocational-technical schools compared to 40,300 today. In ten years, public assistance caseloads have grown from 73,900 to 140,000.

This increase in demands for public services in the decade of the 1960's was paralleled by considerable economic growth. During this period, the average annual increase in total personal income for Wisconsin residents was 7%. The number of wage earners and salaried employees rose during the decade from 1.2 million to 1.5 million; average earnings rose from \$5,000 annually to \$7,700 annually.

The past decade was a period of relative prosperity and a period of expanding public needs accompanied by a willingness to support necessary public programs. By 1970, however, a marked change became evident.

In my issue-oriented budget hearings which I conducted in December, I found conflicting and contradictory feelings about state and local programs. While continued support was registered by those most directly affected by programs such as higher education, environmental protection, housing and health care, there was, on the other hand, a growing criticism of state and local government costs and a general resistance to spending proposals. While there was deep concern expressed by those most adversely affected by our national economic woes, there was strong opposition voiced by others against tax increases, especially higher property tax levies.

The reasons for these attitudes are not hard to explain. Unemployment in Wisconsin this year is currently approaching 6%, compared to an average annual rate of 3.6% for the previous five years. Inflation in 1970 climbed at the rate of 5.7%, compared to an annual increase of 2.4% for each of the previous ten years. Inflation has diminished the willingness of taxpayers to provide support for government programs. At the same time, those most directly penalized, rightfully demand government assistance to alleviate conditions over which they have no control.

It is in the context of this reality that we begin our financial planning for the next two years.

# JOURNAL OF THE SENATE [February 25, 1971]

## SPENDING PROGRAMS

### Departmental Requests

On November 20, 1970, as required by law, the Department of Administration presented its compilation of agency budget requests. These totaled \$2,209 million, an increase of \$614 million or 35% over the 1969-71 appropriations. The following table shows the departmental requests and the increases by major functions.

### 1971 DEPARTMENT REQUESTS

Function	From General Purpose Revenues (In millions)		
	1969-71 Authorized Level	1971-73 Department Requests	1971-73 Increase Requested
Commerce	\$ 14.3	\$ 15.8	\$ 1.5
Education	1045.8	1460.5	414.7
Environmental Resources	19.3	35.5	16.2
Human Relations & Resources	405.2	530.9	125.7
General Executive	57.2	76.4	19.2
Judicial	12.7	17.0	4.3
Legislative	38.1	69.4	31.3
General Appropriation	3.3	4.1	.8
<b>Total All Functions</b>	<b>1595.9</b>	<b>2209.6</b>	<b>613.7</b>
State Operations	822.0	1110.9	288.9
Local Assistance	773.9	1098.7	324.8

Significantly, the increases in state operations for continuing costs and for workload changes represented a higher percentage of the previous biennium's cost. The table below shows the increases for state operations in two categories, Continuing and Workload Costs and New and Changed Costs.

### Increases for State Operations

Biennium	Requested Increase for State Operations (millions)	Share of Requested Increase (millions)	
		Continuing and Workload Cost	New and Changed Cost
1967-69	\$191	\$145	\$46
1969-71	250	198	52
1971-73	290	235	55

While reductions in new or changed services may impose difficulties, reductions in continuing cost or workload can impose more severe hardships, for the latter represents decisions not to serve those presently receiving benefits, or to reduce the quality of those benefits.

## JOURNAL OF THE SENATE [February 25, 1971]

### Other Spending Proposals

The \$614 million increase requested by the agencies would have posed a difficult financial problem, but this is not the total sum of major requests. These additional items must also be considered:

1. A state employee pay plan revision with a bare minimum pay plan and fringe benefit package, will cost approximately \$25 million in addition to the budgeted merit increases. Improvements in the retirement plan and other pay and fringe proposals could double or triple this amount. The state employees union, moreover, has requested improvements costing nearly \$200 million.
2. In addition to their budget request, the Department of Health and Social Services identified further areas of critical need, some of which were expressed in policy statements. Together these items would require \$16 million in state funds in excess of the Department's initial request. This includes revised estimates of welfare caseload, price increases on items purchased by the Department and restoration of welfare benefits in effect prior to 1969-71.

Item	General Purpose Revenue Required 1971-73 (in millions)
a. Restoration of AFDC-U to provide support for families with unemployed heads -----	\$2.4
b. Raising the percent of need standard for AFDC recipients from the current 83% of identified need -----	3.9
c. Revisions of welfare caseloads and price increases -----	7.9
d. Restoration of AFDC for children 18-21 while attending school -----	.3
e. Cost of living revision for adult categories of public assistance -----	.6
f. Restoration of Group II Medical Assistance eligibility limits to the 1969 levels -----	1.0

3. A proposal for funding a veterans' housing program was received, costing approximately \$20 million either in additional appropriations or through the diversion of general purpose revenues.



## JOURNAL OF THE SENATE [February 25, 1971]

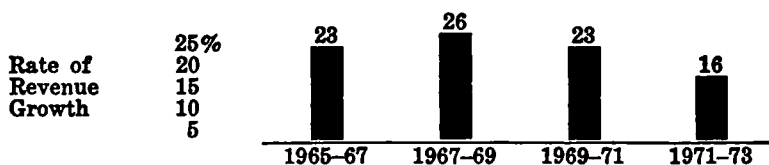
4. The pressing need to begin a program of property tax relief is essentially equivalent to an additional expenditure proposal. Any relief granted is a further claim on state revenues and must compete with other proposals for those revenues. Past trends indicate that property tax collections will increase by approximately 10% annually. A program of property tax relief to pick up just one-third of the added taxes over the present level would require at least \$100 million of state funds for the biennium.

While these are not all of the supplemental items which must be considered, they are the major ones and total \$161 million for the biennium, raising the potential increase for this biennium from \$614 million to \$775 million.

### REVENUES

While our recession economy inflates agency budget requests, it also reduces the revenues available to us. At a time when public needs are great and prices are rising, we are limited to two-thirds of our normal revenue growth because of the economic slowdown. For the coming biennium, revenues from existing taxes are expected to increase by approximately 16% over the 1969-71 collections. Revenue growth apart from tax increases has averaged about 24% in recent biennia.

Growth of Wisconsin Revenues from Existing Taxes



Individual income tax collections are expected to rise at an annual rate of about 7.5% compared to a historical average of nearly 9%. Corporate tax collections for 1971-73 are expected to fall short of the 1969-71 level. Sales tax collections will not grow as rapidly during 1971-73 because the recession has slowed the rate at which retail sales have increased.

This reduced rate of growth is costing the state about \$120 million of revenue which we would normally collect.

## THE BUDGET REVENUE GAP

The original agency requests of \$2,209 million coupled with the additional financial needs of \$161 million amount to a total potential spending program of \$2,370 million.

Projected general purpose revenues for the next biennium total \$1,854 million. This potential gap requires reductions in requested programs, increases in taxes, or a combination of these two totaling \$516 million.

## ANALYSIS OF SPENDING PROPOSALS

When I contrasted the 48% increase in spending proposals with the projected 16% increase in revenues, I assumed that much of the proposed spending must be beyond any real needs. This proved not to be the case. First, I found that the increased cost of simply continuing existing programs, without the recognition of added workload, averaged 18%, or more than the total growth in revenue from existing taxes. Beyond the continuing costs, workload increases, (averaging an additional 11% for state operations) were based on reasonable estimates of additional students, patients, inmates or other service users. Even the new or changed programs were, for the most part, in response to strongly expressed public needs.

Perhaps the best way of describing these increases is to give several examples. During the current year, approximately 962,000 elementary and secondary school youths are enrolled in Wisconsin's public schools. By the 1972-73 school year, enrollment is expected to be 979,000, or an increase of only 17,000. In 1970-71, all state aids (general and categorical) supported 35.6% of the total operating cost of the public schools. Just to maintain the same support level for the 1971-73 biennium will cost an additional 142 million state tax dollars, over the amount spent in the 1969-71 biennium. This is largely due to the anticipated increase in per pupil costs, not in the numbers of students. Although enrollments are expected to increase by only about 2% in the next biennium, the net operating cost is expected to increase about 27%.

The additional cost of freezing local property tax support for public schools at 1970-71 levels—that is, an average of 17 mills statewide—would require an additional \$67 million in state taxes. This modest request would not improve the

## JOURNAL OF THE SENATE [February 25, 1971]

quality of educational services offered, but rather would provide a measure of property tax relief.

As another example, the State University System has requested an increase of \$51 million or 33% more than the 1969-71 level. This increase reflects three factors: more students, faculty compensation improvement, and program improvements. By far the single largest item is faculty compensation improvement. Upon initial examination, the requested increase of total compensation of 11% in the first year and 10.5% in the second year appear out of line, especially in the context of general employment conditions. However, on further analysis, the fringe benefit improvements only bring the state support for retirement to the level of other state employees and more into line with the practices of other states. Even the total request provides only a modest gain compared to five neighboring states. In this six state group, our State University System ranks last by a wide margin.

Still another example that might at first appear to be unreasonable is the 70% increase in appropriations requested by the Attorney General. On further analysis, however, it is clear that in some areas he is responding to very real legal problems in our state. Even after this budget is pared, along with all others, the biennial increase will still be far in excess of the rate of revenue growth.

Further, the caseload of aid to families with dependent children which was originally expected to increase by 1,000 persons each month is now being revised to a much higher rate. The state costs for this program will jump by at least 50% even if there is no improvement in the proportion of need met by the benefit payments. Both grant levels and caseloads are rising in response to unemployment and inflation.

County colleges which are contributing relatively little to our overall higher education needs would be continued under a bill sponsored by a significant number of legislators, at an annual cost of approximately \$691,000.

The consequences of inflation, as have been stated, are enormous; the impact of inflation on state spending is further illustrated by the following examples:

1. A survey of the increase in daily room rates charged in sample urban and rural Wisconsin hospitals showed

## JOURNAL OF THE SENATE [February 25, 1971]

that the rate per semi-private room for rural hospitals increased from \$13 in 1965 to \$29 in 1970. That is a 123% increase in only five years. Urban semi-private, daily room rates increased by 113% during the same time period from \$22 to \$47. The state must pay these increased rates for the patients it supports through Medicaid.

2. Inflation drives up all of the costs of goods purchased by state agencies. For example, the University of Wisconsin reports that the cost of expendable glassware and chemical supplies increased during the present biennium by an average of 7%, furniture costs by 7%, and specialty book prices by 15%. Overall, state agencies have asked for approximately \$6.4 million of state tax dollars to fund inflationary increases in expendable goods and services alone. This represents a 15% increase from one biennium to the next.
3. Payments out of general purpose revenues on the state's debt obligations will increase from \$47 million in the current biennium to \$107 million in the next biennium, a staggering 128% increase. This is due not only to a normal increment in the amount of indebtedness, but more significantly to the much higher cost of borrowing. This is reflected in higher interest rates and also in the decision made some time ago to shorten the maturity of bonds to a maximum of twenty years and to provide for equal annual payments on principal along with declining payments on interest. These conditions were necessary to insure sale of the bonds and to reduce the rate of interest. Thus, while debt obligations are increasing by 128%, the projected increase in revenues from present taxes is only 16%.

I could continue with additional examples which serve to explain and support the vast majority of the spending proposals. Obviously, such a listing would serve no real purpose since we all recognize that the taxpayers of this state cannot bear increases in state taxes of the magnitude required to finance a budget increase of \$775 million.

### HOW DO WE PROCEED

In Parts II and III of the Budget Message, I will explain in some detail my proposals for balancing the needs of public

## **JOURNAL OF THE SENATE [February 25, 1971]**

programs and the cost to those who must pay for these programs. I believe you will find this to be the most stringent paring of agency requests in recent history. No other choice is feasible, however, if we are to meet certain basic needs and if we are to make even modest efforts to relieve property taxes. In the long run, however, the basic changes I am proposing in state programs represent a beginning in bringing into balance program needs and revenues.

### **THE BUDGET PROCESS**

Finally, I wish to discuss the budget process since it, too, has a bearing on our ability to deal with these critical problems.

Much of the discussion of the budget process in recent years has focused on the time frame for budget decisions. In its simplest form, the discussion has been in terms of biennial or annual budgets.

We have the very serious problem of projecting over a long period of time. The current process begins three years prior to the end of the budget period, and executive and legislative decisions are made two to two-and-one-half years before the conclusion of the biennium. With the rapidity of social, technological and economic changes, the nature of problems which require a governmental response is often very difficult to forecast. Even more difficult is the projection of revenues which are directly tied to the economic condition of the nation and state.

If forecasting were the only consideration, an ideal answer would be a full-time legislative body that could participate in budget and revenue adjustments as the need arose. We, of course, have this ability to a limited extent through the Board on Government Operations. However, we currently have no provisions built into the budget structure to adequately provide for timely legislative and executive review of major shifts in program needs for revenue.

I feel we must face up to this problem and build into the budget process a systematic means for the Legislature and the Governor to deal with unexpected developments.

A different school of thought runs contrary to the one just presented. As our problems become more complex, our response also becomes more complex and requires better planning, more coordination and a more sustained effort. If

## JOURNAL OF THE SENATE [February 25, 1971]

this contention is accepted, we should set goals a decade in advance and plan to fund specific programs to accomplish more limited objectives over periods of four years or longer. Few problems today are so simple that one- or even two-year programs offer satisfactory solutions. Health care, with its intricate relationships of manpower, facilities, organization and utilization, is an example of the need for planning and implementation over a long period of time. Any major new direction in any program will normally involve a year of planning, developing and staffing, and several years of sustained operation before it can have a substantial impact.

This point of view suggests that limiting executive and legislative decision-making to annual periods would be a serious mistake and that even our present biennial budget time-frame is inadequate.

Finally, as a practical matter, we must consider the amount of time and effort that goes into the budget process. The preparation and review of departmental requests involves many hundreds of man-months of time by the staffs of the agencies; it requires the concentrated attention of those department heads on whom we have placed other heavy responsibilities. As you are well aware, the budget process is probably the single most time-consuming matter with which the Governor's Office and the Legislature must deal.

Any unnecessary repetition of the time devoted to budgeting will, of course, be at the expense of other important functions.

Unfortunately, there appears to be no perfect solution to the conflicting requirements of the budget system. In order to preserve at least the present degree of planning and continuity of programs and to prevent an undue burden and cost, most features of the present biennial budget should be retained. However, I feel we must build into the budget system an automatic provision for executive and legislative review of major changes in program requirements and financial resources.

Specifically, I recommend a limited legislative session in even-numbered years for the primary purpose of reviewing the second-year budget in light of developments occurring since its initial adoption one year earlier. The Governor should be required to present to the Legislature a report on

## **JOURNAL OF THE SENATE [February 25, 1971]**

the current fiscal status, significant program developments which may affect the budget, and revised revenue estimates, along with his recommendations for changes in the second-year budget or in tax rates. Since this session would occur some months prior to the beginning of the second year of the biennium, adequate time would be available to incorporate adjustments into the agency operations.

Nothing in this proposal, of course, would change the requirement for biennial planning, the presentation by the Governor and the adoption by the Legislature of a two-year balanced fiscal program at the regular session of the Legislature in the odd-numbered years.

The statutory changes that are required would: (1) provide for a legislative session in the even-numbered years, and (2) provide for a report and recommendations by the Governor by January 1 (or some other date immediately prior to the session). Most other existing statutory requirements on the biennial nature of the budget should remain in the law.

I will incorporate in the budget bill my statutory suggestions for the implementation of the second year budget review.

February 23, 1971.

---

### **Governor Patrick J. Lucey GOVERNOR'S BUDGET MESSAGE**

#### **Part II. POLICY CHANGES AND COST REDUCTIONS**

##### **INTRODUCTION**

My decision to present the Budget Message to the Legislature in three parts is a recognition that the 1971-1973 budget responds to a vastly different set of problems than any recent budget.

In Part I of the Budget Message I reported to you the nature of the state's fiscal problem. Part II, which follows, describes the policy changes and cost reductions which I am proposing for implementation. These recommendations

## JOURNAL OF THE SENATE [February 25, 1971]

are made with the knowledge that the citizens of our state who once insisted upon expansion of public services are now moved more by a sense of discontent about the way in which those expanded services are being delivered. We must recognize that in the 1970's the critical responsibility facing state government will be the quality of programs it provides.

The budget I am presenting to you has as its foremost goal the long-range improvement of the quality of state services. Instead of simply reviewing the requests for more services, I have probed deeply into each department and agency to question whether existing programs were still needed and whether services were being delivered effectively. As a result, I am including in this budget a broad range of reforms of three different kinds:

First, I am advocating the first of a series of substantial changes in the structure of government. I believe these changes will accomplish the dual objectives of providing better services to our people and of saving money.

Second, I am urging dramatic shifts in the way we deliver services to our people.

Third, I am recommending that state government discontinue a number of programs which no longer can command a high priority in the spending of our scarce tax dollars.

### REORGANIZATION AND PROGRAM CHANGES IN HIGHER EDUCATION

We can no longer afford to support an archaic organization of higher education which is a product of historic accident and ignores the converging social missions of the two systems that have been developing over recent decades. I cannot in good conscience recommend to you the expenditure of over \$15 million to finance central administration responsibilities which are shared by three separate entities. Accordingly, I have eliminated from the executive budget the Coordinating Council for Higher Education and the central administrative costs of the State Universities and the University of Wisconsin.

I propose instead that broad public policy for higher education be formulated by a single Board of Regents of 16 members. I propose retention of six members from the pres-



## JOURNAL OF THE SENATE [February 25, 1971]

ent University of Wisconsin Board, four from the State University Board, and the Superintendent of Public Instruction as an ex-officio Regent. I request your authority to appoint in addition, four citizen members, plus the chairman of the State Board of Vocational, Technical and Adult Education as an ex-officio member. At the outset, this plan should save the taxpayers at least \$4.0 million in this biennium by reducing educational bureaucracies from three to one.

Furthermore, this plan will end costly and unseemly rivalries between the two systems. The expensive duplication of graduate programs in both systems cannot be justified; the creation of satellite 2-year campuses as political trade-offs must end. The struggles over the location of a new forestry school and a school of veterinary medicine have obscured the merits of these issues behind the political objectives of the two systems. Higher education deserves a top priority in our fiscal deliberations; but in these days of austerity, Wisconsin taxpayers cannot be asked to finance projects dictated by bureaucratic competition.

Under the proposed consolidation, President Weaver would report to the new Board of Regents and would have executive responsibility for all thirteen degree-granting campuses plus the 2-year campuses and outreach functions of both present systems. He would have a free hand in building a new central administration responsible to him; and he would be expected to submit a new budget for central administration, through my office, to the Joint Finance Committee. On the basis of his demonstrated commitment to austerity, I am confident that he would effect economies to save at least the \$4.0 million I have suggested and possibly more.

The reorganization would mean that all graduates would receive a degree from the University of Wisconsin. Each campus would be headed by a chancellor who would be charged by the Regents to carry out the assigned mission of his particular institution. To further insure the uniqueness of each university, an eleven member campus council would be created. The council, headed by the Chancellor, would consist of citizen, student and faculty members and would have advisory and consultative functions. To safeguard against parochialism and assure breadth of representation, no more than half of the citizen members could

## JOURNAL OF THE SENATE [February 25, 1971]

be appointed from the county in which the campus is located.

I have no doubt that the opposition to this plan will be formidable. There are many who will be anxious to protect their vested interest in the status quo. Nonetheless, the merits are strongly on the side of consolidation.

I am convinced that the integrity of the mission of every university would be better protected by a single board which will not permit competition, duplication and overlapping among individual institutions. This is the kind of intelligent, rational and efficient educational planning that Wisconsin needs. The time is ripe to achieve it.

Let me add that if a rational restructuring of higher education fails to pass, then we as elected officials will be required to take into our own hands the review of planning and budgeting throughout higher education that should ordinarily be the responsibility of an effective, consolidated leadership of the universities themselves.

As with all major agencies, I have built into my budget a reduction in the continuing cost of higher education. This reduction is based upon these policy recommendations:

- \* senior faculty should devote a larger proportion of their time to classroom teaching, especially at the undergraduate level;
- \* state support for comparable types and levels of instruction in the present two systems should move toward equality;
- \* we cannot at this time burden Wisconsin taxpayers with excessive costs for graduate programs when a recent study suggests that by 1980 we will graduate 50,000 academic Ph.D.'s in this country, with an anticipated national need for only 9,000.

I am, therefore, recommending a cutback in graduate programs in both present systems. At President Weaver's request, these reductions in funds will be made in a way to permit the administration maximum discretion to minimize the impact of this necessary austerity.

In the final analysis, the quality of education a university offers is determined by the quality of its faculty. I am, therefore, proposing faculty pay increases and fringe benefit

improvements in the present University of Wisconsin system of 8% the first year and 8½% the second year. In the present State University system, there will be a catch-up factor which will set these raises at 9% the first year and 11½% in the second. I know that the magnitude of these recommendations will be greeted with skepticism by many who are concerned with our fiscal problems, but I believe these are minimum figures which we cannot cut without severely jeopardizing the quality of university education in Wisconsin.

Approximately half the money in the first year will be in the form of fringe benefits to place the retirement and medical benefits for university personnel on the same basis as other state employees. The decision in the last budget to substantially increase these fringes for all but university faculty and staff has had a devastating effect on the morale of our universities. It has been interpreted as a discrimination which represents a disregard for higher education by state government. We must eliminate this inequity both because our fringe benefits in Wisconsin higher education are very low compared to other states and because the present system constitutes a discrimination against our universities which wrongly suggests a down grading of the priority which we give to higher education.

The remainder of the increased pay plan is necessary to improve Wisconsin's competitive position and to provide more equity within the new system. We are last in the Big Ten in faculty pay and we rank sixth among six state university systems in the Midwest. At a time when we are consolidating higher education and increasing teaching loads, we must also put ourselves in a position to compete for the very best teachers and scholars. The pay increases I am proposing will move us upward in comparison with competing institutions. If we take similar steps in the next biennium, we can move into the middle range of both the university and state university scales, which will greatly improve our opportunity to strive for quality.

### Quality and Equity in Vocational, Technical and Adult Education Opportunities

There can be no doubt that vocational, technical and adult education has finally been accorded the recognition that it deserves. Enrollments will increase from 30,600 in 1970-71

## JOURNAL OF THE SENATE [February 25, 1971]

to 34,100 in 1972-73. Furthermore, the quality of vocational, technical and adult education programs is steadily improving. In the executive budget which I am submitting to you, there are further changes which should accelerate the improvement of these educational opportunities.

First, I recommend that Wisconsin substantially change the present system of financing vocational, technical and adult education. I propose an increase in state support from the present level of 33% of cost to 40% in the first year and 60% in the second. In addition, I recommend standard tuition charges of 12½% of instructional costs for vocational and technical programs. These two measures will decrease the property tax burden for vocational, technical and adult education by approximately \$23 million in the 1971-73 biennium; and they will reduce the average statewide mill rate by more than .6 of a mill.

Second, I propose that we strengthen the program development and review staff in the central office of the Vocational, Technical and Adult Education Board. This will be aided by a discretionary fund which can be used for experimental programs in local vocational and technical schools. The overall effect of these changes will be to permit the Vocational, Technical and Adult Education Board to effectively review proposals for additional, expensive facilities to house state-aided programs; to discontinue state aids to programs which are no longer considered in the public interest; and to fund experimental programs which will keep education abreast of the dramatic changes in technology.

Third, I am proposing a budget commitment to provide financial assistance to students in the vocational and technical education system in order to offset the tuition charges for those who cannot afford them and to encourage more young men and women to take advantage of this kind of training.

Fourth, I am requesting the Vocational, Technical and Adult Education Board to weigh the consolidation of existing districts to assure larger and better schools which will provide higher quality educational opportunities to our citizens.

State support of vocational and technical education at 60% of cost will go far towards equalizing the degree of

## JOURNAL OF THE SENATE [February 25, 1971]

state commitment to the various parts of our post-high school programs. For too long, the state has contributed to a status system that has discriminated against young people whose interests were in a technical vocation.

### School Aid Policies

The State of Wisconsin has a national reputation for its flexible school aid formula which not only provides support for schools but provides equalization of financing from state and local sources and encourages consolidation into economical units. For years, another goal of the formula was to increase the quality of public school education by increasing expenditures in this vital program. In my recommendations I wish to continue using the school aid formula as an expression of policy.

First, the equalization feature should be strengthened by combining the general aid formula and those categorical aids which now finance 100% of the employer's cost of teachers retirement and social security. This combination does not change the total financing for the state, but it does bring the equalization principle to bear on one more significant cost item. An increase in the flat aids is recommended to prevent a sudden drop in support to flat aid districts caused by the elimination of the separate retirement reimbursement appropriation.

Second, Wisconsin's school system has made great qualitative improvements. Today we must be more concerned with excessive cost increases which may add little to quality. Where we once paid the full costs for each district which would have necessitated a levy in excess of 17 mills, the state more recently changed to a limitation on supportable costs up to 110% of statewide average. I now recommend that the state contribute only on costs up to 100% of the statewide average. For an equal amount of state dollars, this recommendation has the effect of increasing the state support for schools that either need further improvement or that have found ways to economize. It does not contribute to excess costs in districts that have allowed costs to soar above the statewide average. As soon as the Department of Public Instruction has prepared appropriate analytical methods, I will recommend a discretionary fund to cover legitimate costs above the average for districts that have unusual problems.

## **JOURNAL OF THE SENATE [February 25, 1971]**

Third, I am recommending that educational assessment methods and policies be developed. In the long run we must assist school districts, not on the basis of their costs, but on how effectively they use money available to them. We want schools that do a good job with students—which is not necessarily those that are the most costly. Some other states have shown real imagination in assessing quality of instruction; Wisconsin should be among those states. I am asking the Department of Public Instruction to complete its study in time for the results to be a factor in the 1973-75 school aid formula.

Finally, even in a period of austerity, I believe the state should make at least a modest improvement in the proportion of school costs borne by the state. I am recommending holding at the current percentage for the first year with an increase in the percentage in the second year.

I particularly urge the Legislature to carefully weigh how the state can most effectively use its limited resources both to improve the equity of school financing and to slow down the tremendous growth in school costs. I believe my recommendations are in the right direction on both counts.

### **Educational Television as an Educational Tool**

I am proposing in both the capital and operating budgets the completion and operation of four state supported educational television stations. I am convinced that this investment can improve the quality and reduce the cost of operating our schools. Furthermore, it is a basic ingredient of the Open School proposal of the Kellett Commission, an educational concept benefiting all people, young and old, and sufficiently intriguing and innovative to merit thoughtful consideration.

### **PROVIDING ASSISTANCE TO DISADVANTAGED CITIZENS**

In my State of the State message, I warned that the real test of the humane mission of government occurs in times of economic decline. There is always a tendency to cut back programs to aid the poor and the disadvantaged; but when the whole state is feeling the pinch of recession, this tendency becomes even more acute. I am asking, therefore, in

## JOURNAL OF THE SENATE [February 25, 1971]

this time of recession, that we make a special effort to help our disadvantaged citizens. It would be a tragedy which would shadow this state and its people for years to come if we were, in a moment of fiscal emergency, to impose new hardships on those already so heavily burdened.

During its last session, the Legislature eliminated the programs of aid for dependent children whose fathers were destitute due to unemployment and aid for dependent children for those 18 to 21 in school. The Legislature also reduced the level of the general aid for families with dependent children (AFDC) from a funding level of 100% of need to a level of only 83%; and medical assistance for the medically indigent was severely restricted as well.

In my budget I am recommending the restoration of all of these eliminations and reductions including an increase in AFDC benefits from the present level of 83% of need to 90% in the first year and 100% in the second. I am also recommending that we increase the adult basic category allowances to reflect increases in the cost of living.

These programs will enable the poor to live a minimally decent life. But this cannot be the end of our effort to aid the unfortunate. Their ultimate hope is to become financially independent. The state has a responsibility to help them achieve this goal. From the humane standpoint the arguments for doing this are clear, and from an economic standpoint they are equally compelling. The cost of maintaining a family on welfare, from one generation to the next in a pattern of continued dependency, is astronomical. The comparatively modest cost of assisting the poor to achieve financial independence is one of the best investments the state can make.

With this in mind, I am proposing several additional initiatives. I urge that we provide state funds for the presently federally funded Talent Search Program. Federal monies for this program will cease with this year's operation. The program, however, has been very successful in seeking out disadvantaged students and finding places where they can study profitably in our higher educational institutions. Few such measures are so directly geared to breaking the pattern of continued dependency than the Talent Search Program. To strengthen it, I am giving the Higher Educational Aids Board review authority to insure that disad-

## JOURNAL OF THE SENATE [February 25, 1971]

vantaged students are matched with institutions which have the programs to provide them with support—the academic, psychological and financial support they need to succeed. I am strengthening the program further by providing state financial assistance for these students to fund their legitimate needs.

A program well designed to break the cycle of dependency is the WIN program which seeks to train heads of dependent families for employment. Under present arrangements the counties must contribute 20% of the cost. This expense has prevented a number of counties from participating in the program. I am proposing that the state pay 100% of the state and local cost to assure that this program operates in all counties in Wisconsin.

It is not possible to anticipate clearly which additional programs show the greatest promise in aiding the disadvantaged to meet their needs and to achieve financial independence. Therefore, I am recommending a flexible fund under the administration of the Department of Local Affairs and Development to be used to help support promising community projects which assist the urban and rural poor.

There are many ways in which poverty crushes initiative and incentive into a continuous cycle of dependency. One of these is to dull the mind and the spirit of the young through hunger. To attack this problem I am recommending a state funded school lunch program which will provide up to 20¢ per lunch for children of the poor. This, when combined with the federal school lunch program, can provide all children from poor families with a free lunch in both public and private schools.

The proposals which I have described to you will constitute a state commitment to meet the basic needs of the poor and to assist them in their effort to achieve independence. While we are making this commitment, however, we must all continue our efforts at the federal level to reform the present welfare program to provide the states with more adequate and flexible funding.

## TOWARDS REDUCTION OF INSTITUTIONAL CARE

For many decades Wisconsin, like other states, has emphasized institutional care for the mentally ill and the men-



## JOURNAL OF THE SENATE [February 25, 1971]

tally retarded, for the blind and the deaf, for elderly veterans and for convicted criminals. The cost of institutionalization are very high. The state usually pays for ordinary living expenses, as well as the cost of specialized health care, rehabilitation, security and other programs. The annual cost per person for instance, at Mendota State Hospital is \$15,700, at Central Colony is \$9,900, at the Child Center at Sparta is \$14,100, at the Home for Women is \$9,600, and at the Oregon School for Girls is \$10,000. Obviously, when the state decides to institutionalize a person, it makes a major financial commitment, often for years, sometimes for life.

Not only are costs high, but in recent years grave doubts have been expressed as to whether state institutions are the best way to meet society's responsibilities to the disadvantaged, the unfortunate, and the convicted. A more contemporary approach places a greater emphasis on the need for community-based programs. These programs serve larger numbers of people and place them in more supportive environments where they can maintain, as nearly as possible, a full and normal life.

In the present budget, I am proposing far-reaching policy changes to accelerate reductions in costly institutional programs by shifting to more efficient and more effective programs of locally-based care.

First, I recommend that the present aid formula of 60% state aid to county hospitals and 40% to community clinics be changed to provide equal aid—50% to each. The effect of this new formula will be to eliminate the advantage in state aids in favor of county institutional programs and, conversely, to provide an incentive for more reliance on out-patient programs at clinics. Further, I propose that where counties consolidate their mental health boards into one and develop comprehensive community mental health programs, that 55% of the costs of treating patients in county hospitals, clinics and day care centers, be met through state aids—an additional 5%. This incentive should encourage the trend toward consolidated county mental health programs.

Second, I am recommending that the new facilities at the Girls School and a portion of the Lincoln Boys School not be occupied and staffed, pending (1) the outcome of pro-

## JOURNAL OF THE SENATE [February 25, 1971]

posed legislation which redefines juvenile delinquency, (2) the results of an experimental program to develop coeducational rehabilitation at the Lincoln School, and (3) the assessment of community-based programs involving the rehabilitation of juvenile girls. We will, however, staff the new youthful offenders institution. The staffing of this new facility shows dramatically the cost of institutional care. In 1972-73 with a projected average daily population of 65, the per inmate operating cost will exceed \$20,000.

At the same time, I will ask the Council on Criminal Justice to review thoroughly our corrections program to determine whether we should engage in further decentralization through community programs. This will permit not only the deferment of staffing for new facilities but may also eliminate the need for a \$4.9 million new facility at Sparta.

Third, I am asking the Legislature to level off the services provided at the Grand Army Home at its present maximum authorized capacity. As with the Health and Social Services Program, the care of elderly veterans should seek to provide for their needs in the setting of their home communities where there is a more comfortable and supporting environment and where the high cost of institutionalization can be reduced. As we look ahead another decade, with literally thousands of World War II veterans potentially becoming eligible for domiciliary or nursing care, we can understand the importance of a more practical program to meet their needs.

Fourth, the state supports an extensive program of reimbursing private, public and charitable nursing homes for the care of patients receiving medical assistance. Reimbursement is based on costs and ranges from \$7 to \$23 per day. The present system allows great differences in the quality of care, not based on the needs of the patients but on the care available. It permits profits on costs beyond those reasonably necessary. I am proposing a new formula that restricts reimbursement to a range of \$10 to \$15 per day and which adequately provides for necessary care while recognizing some legitimate differences in services. This formula reduces the state's total cost and moves toward equality of services.

## OUR RETURNING VETERANS

All of us share a commitment to assist the returning veterans who have often risked their lives and who have been separated from the advantages of civilian life during their period of service. To alleviate the problems of transition for the returning veterans from Vietnam, I am providing a general aid to be distributed by the Department of Veterans Affairs. I am confident that the Department can best determine how this money can most profitably be used, and I am giving them that charge.

Because a veteran has been away from civilian employment, he has had little opportunity to acquire sufficient funds to make a down payment on his own home. Therefore, it has been customary to provide second mortgage monies to veterans as a compensation. This is an excellent program; and I have chosen to expand it by proposing a 35% increase in the liquor tax, the receipts from which will be earmarked for second mortgage loans. However, this amount is insufficient to fund all the needs for second mortgage loans. Therefore, I am asking the Department of Veterans' Affairs to work with commercial lenders to develop loans to veterans of 95% of value, with a state interest subsidy and a guarantee of the top 20% of risk. This would provide benefits to veterans equivalent to the present program, but without the huge outlay of state funds the present program requires.

Finally, I am proposing a broadening of our definition of veteran eligibility for state assistance to coincide with the federal definition. Too many young people who have served their country are being denied financial assistance by the state because of our restrictive definition.

## ASSISTING LOCAL GOVERNMENTS

Wisconsin has a long tradition of cooperation between state and local governments to serve the public interest. I intend, in this biennium, to strengthen this partnership in the interest of providing better public services.

Although a number of my proposals to strengthen local government will be discussed in Part III of the budget message, there are several which I wish to discuss at this time.

## JOURNAL OF THE SENATE [February 25, 1971]

As our population grows and population density increases, the need for protecting and intelligently using our environment becomes increasingly apparent and urgent. Moreover, the problems spread over broader areas; and the need for county-wide and regional response grows. It is evident that many problems cannot be adequately tackled on a statewide basis, while at the same time we are beginning to perceive that the smaller units of government, such as towns, cities, and villages, are too restricted in constituency and size to deal effectively with certain problems. I have made it a conscious policy in this budget to emphasize the solution to certain problems through the coordination and planning of services on a county-wide or regional basis. One of these has previously been the major incentive for coordinating and providing mental health services on a countywide basis.

To strengthen the regional approach to orderly growth, I have doubled the amount of aids for regional planning agencies with emphasis on the creation of new planning commissions as well as the strengthening of existing ones. Additionally, I am giving them the flexibility to use the money which we grant them to contract with constituent units of government within their area for that part of the planning which should be done at the local level. To further strengthen these regional planning agencies, I have recommended that the staff, which is now provided to them by the state, be placed on the regional planning agency pay-rolls.

The results of this strengthening of the regional planning commissions should become visible to all our citizens as more rational land use policies develop from these efforts.

I am also providing additional aids for the state's educational service districts in an effort to emphasize increasingly the efficiency of regional approaches to educational services for our students. Furthermore, I have approved a new program of aids for county and multi-county library systems in an effort to assure that, in those areas where smaller jurisdictions cannot possibly provide adequate library services, such services will be available.

While little purpose would be served by cataloguing all of the existing aids to local government that are continued in this budget, I do wish to make specific mention of two

## **JOURNAL OF THE SENATE [February 25, 1971]**

**serious inequities affecting Milwaukee County that I wish to correct.**

In all other counties, the state provides adult probation officers. It does so at a ratio of 40 to 45 probationers per caseworker. Milwaukee, however, provides its own probation services, and because of the overwhelming costs, can only do so at a ratio of 200 probationers to 1 caseworker. In my budget I have provided for the state to assume adult probation services in Milwaukee County so that the present level of services are provided from state funds. And I am proposing that an improvement in this ratio from 200 to 1, to 70 to 1, be financed out of federal funds available through the Council on Criminal Justice. The effect of this program will be to relieve Milwaukee County of its financial burden in offering these services and at the same time to improve these services substantially.

The state traffic patrol is responsible for all freeways except those in Milwaukee County. There, the County Sheriff's office patrols the freeways and, of course, the county must pay for this service from local property taxes. This practice discriminates against Milwaukee County. I am therefore proposing that the state reimburse Milwaukee County for the cost of this service.

### **TOWARD EFFICIENCY IN GOVERNMENT**

Talk of austerity in state government is often regarded as budget year rhetoric. But, as I pointed out in Part I of this budget message, the financial situation in the present biennium is more severe than at any time since Governor Gaylord Nelson took office during the recession of 1958 and 1959. In the present biennium, however, state government is faced not only with the problems of recession that confronted Governor Nelson, but also with a steep inflation which has escalated all of our costs.

In recognition of the severity of the present fiscal crisis, during my budget review I analyzed base programs enacted in past budgets as well as proposed increases. This Legislature has cooperated fully in these steps by generously extending the time for delivery of the budget and revenue message. I believe that your efforts and mine will be applauded by the people of this state as they observe the

## JOURNAL OF THE SENATE [February 25, 1971]

determined assaults which we have made on questionable costs, inefficiencies and outdated programs.

Substantial reductions have been made in the base operations of many state agencies. While the actual dollar savings will be detailed in Part III of the budget, it is some measure of these efficiencies that approximately 900 existing positions have been proposed for elimination as a result of executive budget review. This unheard of reduction of continuing costs is equivalent to eliminating entirely a medium-sized agency from state government. I do not pretend that cuts of existing positions of this magnitude can be made without some reduction in services; but in a period of economic recession, difficult priority decisions must be made.

Beyond the overall cuts in base programs, a number of marginal programs have been eliminated or substantially reduced because they have either outlived their usefulness or they cannot claim a high priority in a time of fiscal emergency.

First, I have eliminated all support for the county teachers colleges. Our efforts must be devoted to the preparation of teachers in four-year programs.

Secondly, I have disapproved the proposals for major new expenditures for the State Fair. In its place I have recommended the initiation of an Agricultural Exposition by the Department of Agriculture using existing facilities at another location. Through public and private efforts, I am convinced that the State Fair site can be developed for recreational and entertainment purposes.

Third, I have recommended the termination of payments to agricultural societies. These payments are not the most effective way to promote Wisconsin agriculture.

Fourth, it is no longer clear that maintaining the State Workshop for the Blind is the most effective, efficient way to assist the visually handicapped. The existence of the Workshop apparently does not contribute to integration of rehabilitation efforts for the blind with Wisconsin's other highly successful rehabilitation activities. Our state's regular vocational rehabilitation program ranks seventh among the states in the number of persons rehabilitated, but our program for the blind ranks twenty-seventh. I am recom-

## JOURNAL OF THE SENATE [February 25, 1971]

mending that the Department attempt to secure federal funds under the purchase of services provision of the Social Security Act for the Workshop for the Blind. If they cannot secure federal funding, I am recommending phasing out state participation in the Workshop.

Fifth, I will recommend that the Building Commission defer the request of the Department of Military Affairs for two additional armories at a cost of \$160,000. I have asked the Adjutant General to undertake an intensive study of the present network of armories. Wisconsin owns 59 armories and leases 9 more. Increasing concentration of the state's population and improvements in Wisconsin's highway system make consolidation of armories a strong possibility. I am hopeful that we will achieve major economies in this area in the next budget.

Sixth, I am providing in this budget for the termination of the state's grain regulation activities in Superior. These services should be performed by a board of trade as they are in most other ports.

Seventh, I am recommending the elimination of payments for calfhood vaccination. Wisconsin achieved brucellosis-free status in 1965 and has maintained an excellent record of surveillance since then. Vaccination payments are an expensive safeguard against a small risk, and the state is geared to act swiftly in the event of an outbreak of brucellosis.

Eighth, I am responding to the request of the Chief Justice by creating a comprehensive study of the workload and organization of Wisconsin's court system and its judicial pay scales. Consequently, I am deferring requests for new courts, higher judicial salaries, and supplemental payments for the court clerks. Some of these requests will undoubtedly be approved when the Blue Ribbon Committee on the judiciary files its report. I am confident, however, that the committee's recommendations will suggest efficiencies to reduce substantially the budget request made by the judiciary.

Ninth, I am recommending that the state charge the Bar Association for the enforcement costs of the Board of Bar Commissioners. Public and quasi-public regulation of professions in Wisconsin is ordinarily borne by the professions themselves and should be in this instance as well.

## JOURNAL OF THE SENATE [February 25, 1971]

Tenth, I am recommending a state formula for use in funding the Medical College of Wisconsin at the level of support of the University's program which will require the Medical College of Wisconsin to seek other sources of funds for the excess costs.

Eleventh, I am recommending a series of steps in the budget to generate new revenue sources which are tied to the delivery of public services:

- \* shifting responsibility for meat inspection to the federal government is recommended unless full federal reimbursement for state inspection becomes available;
- \* State Historical Society funds will be matched by private contributions and fees;
- \* assistance will be provided to counties to help them identify the eligibility of foster children for federal funding under the AFDC program in order to reduce state costs;
- \* I am proposing the introduction of charges for some of the services of the Laboratory of Hygiene;
- \* industry matching funds will be made a condition for increases in the tourism promotion budget;
- \* I propose doubling the non-categorical aids to local governments to enable them to take advantage of federal matching funds.

The total impact of these program eliminations, reductions and changes in funding methods, as well as new revenue raising measures, will be to ease substantially the burden on state and local taxpayers. Some of the economies proposed above will not be popular with interest groups; however, as Governor, I must look to the overall benefit of all our citizens and assess priorities accordingly.

## CONCLUSION

In Part III of the Budget Message I will present the total executive budget recommendations and a revenue package to meet the cost of public services. I have developed a revenue program similar in philosophy to that of the budget program. The highest priority has been given to reforming and to improving the equity of our tax system. Revenue



## JOURNAL OF THE SENATE [February 25, 1971]

issues, like budget matters, are rapidly changing in the 1970's from an emphasis on the amount of money raised to the manner in which the tax burden is distributed. My recommendations will cover state taxes, shared taxes and property taxes, with emphasis on the equity of all state and local taxes.

I am hopeful that the Legislature and the public will accept the combined budget and revenue message as a recommendation for distinctive policy changes to meet the needs of the 1970's—to stress reform and equity in public affairs. The sweeping changes governing the delivery of public services and the structure of government that I have recommended today are far more important than the sums we will spend in the next biennium. I strongly recommend that the Legislature consider and act upon these changes as promptly as full deliberation and debate will permit. The Executive Branch stands ready to assist the Legislature and its committees in every possible way during these deliberations. And I am personally ready to meet with legislators and concerned citizens to discuss fully the far-reaching reforms which I have laid before you today and the additional reform measures which will be presented to you in the revenue program next week.

---

Upon motion of Senator Keppler, with unanimous consent, the senate adjourned to Friday, February 26 at 9:00 A.M.

12:40 P.M.

---

### INTRODUCTION OF GUESTS

Guests of Senator Johnson: Boy Scout Troop 36, Arnold Johnson and Walt Hestikin, Eau Claire, Wisconsin.

**JOURNAL OF THE SENATE [February 25, 1971]**

**CHIEF CLERK'S REPORT**

The chief clerk records:

**Senate Bill 89**

Correctly enrolled and presented to the Governor on  
Thursday, February 25, 1971.